

WASHINGTON – Congresswoman Melissa Bean (IL-08) released the following statement upon final Senate passage of the conference report on H.R. 4173, the *Wall Street Reform and Consumer Protection Act*.

Following House passage of the conference report on June 30, the bill now heads to President Obama to be signed into law.

“Enactment of these reforms will finally close the book on the anti-regulatory culture that has reigned in Washington and on Wall Street for too long,” Bean said. “We’ve put tough new watchdogs on Wall Street to protect consumers and end taxpayer bailouts, to avoid the type of crisis and bailout we experienced in 2008 from ever happening again. This legislation will protect the savings and investments of American families and businesses and restore worldwide investor confidence in America’s financial system.”

A one-page executive summary and 15-page comprehensive summary of the legislation can be downloaded in PDF form [here](#).

Congresswoman Bean’s earlier floor statements, press releases, and editorials on Wall Street Reform can be found [here](#).

Bean is a member of the House Financial Services Committee which crafted the bill. As the Vice-Chair of the New Democrat Coalition, a group of nearly 70 pro-growth moderates in the House, and co-chair of the coalition’s Financial Services Task Force, Bean has had a leading role in shaping the legislation.

The final version of the legislation incorporates the entire “New Democrats’ Plan for Creating a 21st Century Financial Regulatory Structure”, which was released in **February 2009** and included 21 guiding principles to provide efficient and effective regulation of the U.S. financial system, stabilize the market, strengthen oversight and transparency, and institute robust new consumer and investor protections.

The New Democrats’ Plan for the 21st Century Financial Regulatory Structure

*Released February 2009*

## **Efficient and Effective Regulation**

- Create a systemic risk regulator that can monitor systemically important institutions and their counterparties to mitigate the risk of systemic collapse.
- Reduce redundant regulatory structures in exchange for robust regulatory oversight.
- Ensure oversight over new financial instruments that currently do not have regulatory oversight.
- Require regulators to use prudential supervision to proactively work with those they regulate to prevent violations and keep communication lines open to better monitor efficacy and unintended consequences.
- Increase coordination and communication between federal regulators through expansion of the President's Working Group on the Financial Markets to include all federal financial regulators.
- Modernize the regulation and oversight of the insurance industry to ensure adequate information and a consolidated U.S. position in international trade discussions.

## **Market Stability and Transparency**

- Reform how regulators evaluate capital requirements when using fair value accounting values (mark to market) on hold to maturity assets in a temporarily impaired market.
- Prohibit excessive leverage on debt and derivative instruments by requiring necessary capital reserves to prevent against the potential risk of default.
- Create a countercyclical mechanism to temper extreme market fluctuations.
- Support measures to prohibit manipulation that can lead to extreme fluctuations in securities prices that could destabilize fair and orderly markets.
- Support open exchanges and price disclosure to increase transparency in opaque markets like the credit default swaps market.
- Require lenders to hold a small percentage of loans in a first loss position to ensure originators retain some stake in the loans they underwrite.
- Conduct a thorough review of rating agencies' methodologies, models and compensation structures to ensure that ratings are accurate and not subject to conflict.
- Hold Treasury accountable to regularly collect data from all federal sources that receive

financial data from recipients of TARP funds.

## **Robust Consumer and Investor Protection**

- Aggressively pursue a multi-tiered strategy that prevents unnecessary foreclosures for credit worthy borrowers while protecting taxpayers and preserving the moral hazard principle.
- Work towards reintroduction of mortgage reform legislation and pass into law
- Ensure that credit is available and appropriate for consumers through strengthened oversight and regulation of predatory loans while protecting businesses' ability to price for risk.
- Hold federal financial regulators accountable for enforcement of consumer and investor protections.
- Protect and continue to encourage simpler disclosure of status and terms and conditions of Americans' retirement and investment accounts.
- Reduce incentives for excessive risk taking and improve corporate governance by empowering shareholders.
- Increase fraud prevention efforts.